

Appeal from decision of the Wyoming State Office, Bureau of Land Management, holding oil and gas lease W-30780 to have expired at the end of its primary term.

Affirmed.

1. Oil and Gas Leases: Extensions--Oil and Gas Leases: Termination

To qualify for a 2-year extension pursuant to 30 U.S.C. § 226(e) (1976), the evidence must show that actual drilling operations were being diligently pursued on the leasehold, or for the lease under an approved cooperative or unit agreement, on the last day of the lease term, with a bona fide intent to complete a producing well. Where the lessee asserts that actual drilling operations were being diligently pursued for the lease in that a well was being tested and evaluated on the last day of the lease term, yet the record of daily activities for the well shows that it was shut in pending evaluation for 2 months prior to and 2 months following the expiration date, and the lessee provides no evidence to support its allegation, the decision holding the lease to have expired will be affirmed.

APPEARANCES: Dorothy Mroch, Lease Records Manager, JWD III, Inc., Denver, Colorado.

OPINION BY ADMINISTRATIVE JUDGE HARRIS

JWD III, Inc., has appealed from a decision of the Wyoming State Office, Bureau of Land Management (BLM), dated December 15, 1982, holding noncompetitive oil and gas lease, W-30780, to have expired at the end of its primary term on September 30, 1981. BLM based its decision on the absence of actual drilling operations on the leased lands over the expiration date

of the lease which would subject the lease to extension. See 30 U.S.C. § 226(e) (1976); 43 CFR 3107.2-3.

Lease W-30780 is a noncompetitive oil and gas lease embracing the W 1/2 NE 1/4 of sec. 14, T. 41 N., R. 77 W., and the SE 1/4 SW 1/4 of sec. 35, T. 42 N., R. 77 W., sixth principal meridian, Johnson County, Wyoming, containing approximately 120 acres. The lease was issued effective October 1, 1971, pursuant to section 17 of the Mineral Leasing Act, as amended, 30 U.S.C. § 226 (1976), for a term of 10 years and so long thereafter "as oil or gas is produced in paying quantities."

Appellant asserts in the notice of appeal that the subject lease "was committed to the Schooner Canyon Unit. The Schooner Canyon unit well no. 1-A was drilled prior to the expiration date of the subject lease and was being tested and evaluated over the expiration date of the subject lease." This well was completed March 2, 1982; the Schooner Canyon unit was terminated July 30, 1982. Appellant contends that pursuant to the provisions of 43 CFR 3107.2-3, 1/ the subject lease is entitled to a 2-year extension because actual drilling operations were in progress for the lease under an approved unit plan. 2/

[1] This Board stated in Energy Trading, Inc., 50 IBLA 9, 13 (1980), that "the evidence must show that actual drilling operations were being diligently pursued on the leasehold or for the lease under an approved unit agreement on the last day of the lease term with a bona fide intent to complete a producing well." See also Devon Corp., 57 IBLA 131 (1981); Energy Trading, Inc., 55 IBLA 167 (1981); Pacific Transmission Supply Co., 53 IBLA 204 (1981). In 43 CFR 3107.2-1(a), "actual drilling operations" is defined to include "not only the physical drilling of a well but the testing, completing or equipping of such well for the production of oil or gas."

Appellant, asserting that the subject lease was being tested and evaluated over the expiration date of the subject lease, concludes that actual drilling operations were being diligently pursued on the leasehold and therefore the requirements for a 2-year extension were met. Appellant, however, has provided no corroborating evidence to support this assertion. The BLM decision states that no drilling operations were in progress on lease W-30780 at the end of its primary term. The record contains a copy of the daily

1/ 43 CFR 3107.2-3 Period of extension.

"Any lease on which actual drilling operations, or for which under an approved cooperative or unit plan of development or operation, actual drilling operations were commenced prior to the end of its primary term and are being diligently prosecuted at that time, shall be extended for 2 years and so long thereafter as oil or gas is produced in paying quantities."

2/ Appellant also contends that an extension should be granted due to the termination of the Schooner Canyon unit. Our decision makes it unnecessary to address this assertion.

activities record for well No. 1-A which establishes that from July 31, 1981, through November 4, 1981, the well was shut in. The status of the well is reported as "SI pending evaluation." This Board finds that appellant's allegation of "testing," without more, fails to show that actual drilling operations were being diligently pursued at the end of the subject lease's primary term such as to qualify that lease for an extension pursuant to 43 CFR 3107.2-3.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision of the Wyoming State Office is affirmed.

Bruce R. Harris
Administrative Judge

We concur:

Edward W. Stuebing
Administrative Judge

Anne Poindexter Lewis
Administrative Judge

